

A CUT FOR THE POOR

**Proceedings of the International Conference on
Managing Forests for Poverty Reduction:
Capturing Opportunities in Forest Harvesting and
Wood Processing for the Benefit of the Poor**

Ho Chi Minh City, Viet Nam
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The **Food and Agriculture Organization of the United Nations (FAO)** leads international efforts to defeat hunger by helping countries improve agriculture, forestry and fisheries practices and ensuring good nutrition for all. FAO is also a leading source of knowledge and information on agriculture, forestry and fisheries, and acts as a neutral forum where all nations meet as equals to negotiate agreements and debate policy. FAO's mission in forestry is to enhance human well-being through support to member countries in the sustainable management of the world's trees and forests.

The **Regional Community Forestry Training Center for Asia and the Pacific (RECOFTC)** is an international not-for-profit organization based in Bangkok, Thailand, that supports community forestry and community-based natural resource management. RECOFTC receives core funding from the Swedish International Development Cooperation Agency (SIDA), the Swiss Agency for Development and Cooperation (SDC) and the Norwegian Ministry of Foreign Affairs. Through strategic partnerships and collaboration with governmental and non-governmental institutions, programs, projects and networks, RECOFTC aims to enhance capacity at all levels and promote constructive multi-stakeholder dialogues and interactions to ensure equitable and sustainable management of forest resources.

SNV (Netherlands Development Organisation) is a Netherlands-based international NGO that delivers capacity building advisory services to over 1,800 clients in 33 countries in Africa, Asia, Latin America and the Balkans. In Asia, SNV provides capacity building services to government, non-government and private sector organizations in Nepal, Viet Nam, Bhutan, Lao People's Democratic Republic, Cambodia and Bangladesh, as well as to a number of regional organizations and networks. SNV aims to achieve development results in two areas: (1) basic services delivery (water & sanitation, energy, health and education); and (2) production, income and job creation. Our niche in specific sub sectors (such as pro-poor tourism, Non-Timber Forest Products, biogas sector development, clean development mechanism, value chain development and participatory planning) is widely recognized and closely linked to National Development Strategies.

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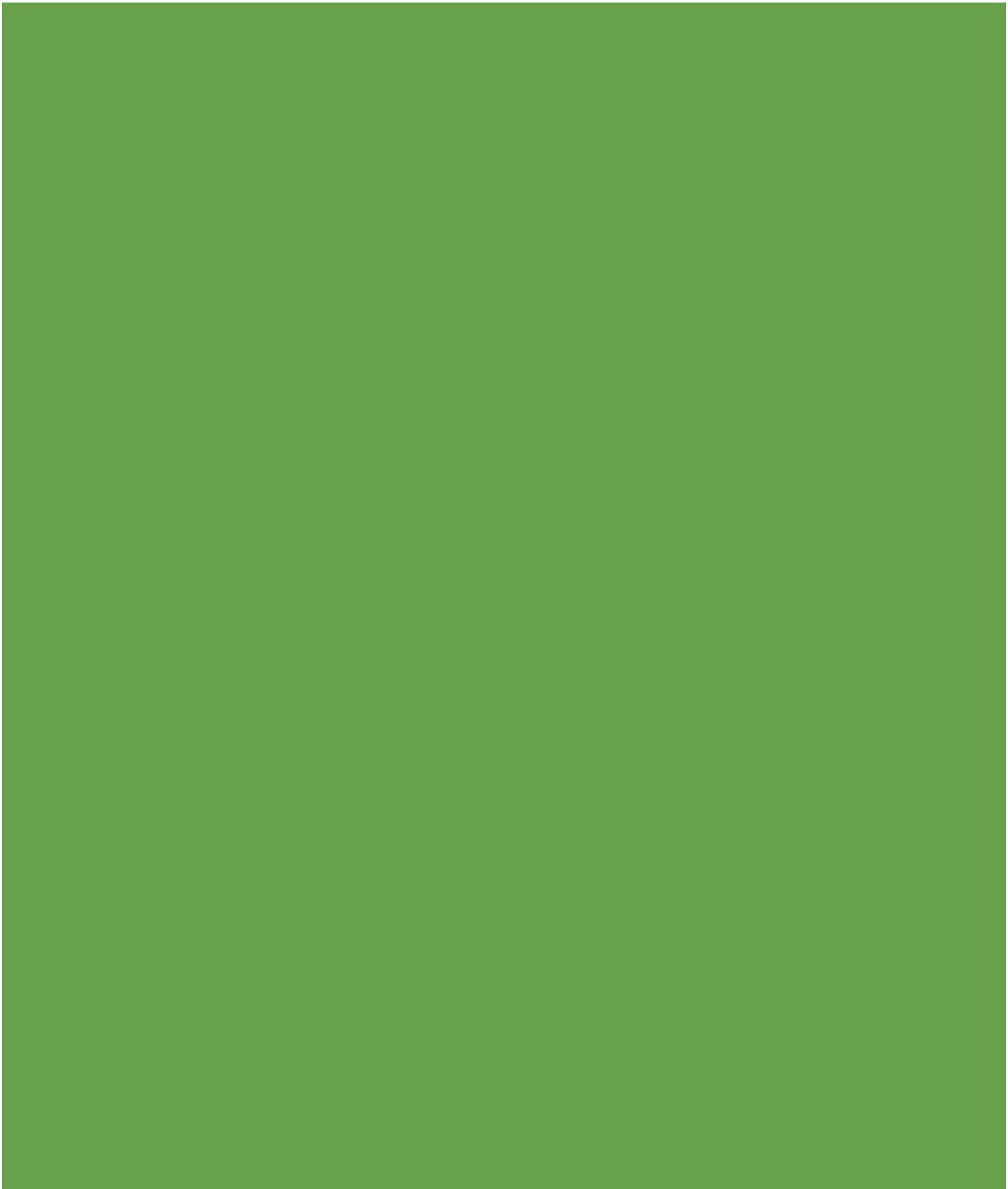
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FOREWORD



Approximately one-third of the world's 4 billion hectares of forests are managed primarily for the production of wood and other forest products (FAO 2005). Timber production often conjures images of capital intensive operations, big machines and large profits for a small handful of people. With poverty rates often being highest in forested areas, we thought it timely to initiate further discussion on how timber production from forests can be better harnessed for poverty reduction, particularly the role of small-scale commercial forestry in opening opportunities for the poor to benefit from forest harvesting and wood processing.

The idea for a conference was discussed initially by the Food and Agriculture Organization of the United Nations (FAO), the Regional Community Forestry and Training Center for Asia and the Pacific (RECOFTC) and the Netherlands Development Organisation (SNV). Many other interested parties joined this discussion, including the Ministry of Agriculture and Rural Development of Viet Nam, who hosted the conference, the Tropical Forest Trust (TFT), the Worldwide Fund for Nature (WWF), and the Asia-Pacific Forestry Commission (APFC). Generous funding was provided by the International Tropical Timber Organisation (ITTO) and the Netherlands Ministry of Foreign Affairs Directorate-General for International Cooperation (DGIS).

The conference aimed to:

1. Review technical, economic, institutional and policy aspects of small-scale and labor-intensive forest management practices and wood processing with regard to their impacts on the poor and their potential for reducing poverty.
2. Identify constraints to, and opportunities for, managing forests and processing activities with poverty alleviation as an explicit objective in Asia and the Pacific.
3. Establish a task force that will develop a strategic plan for promoting forest management for poverty alleviation by encouraging support for small-scale forest and labor-intensive forest management practices and wood processing.

The program was developed to engage a large number of resource persons to elaborate experiences in the field of poverty reduction through small-scale timber production. The conference was centered around five sessions, focusing respectively on policies and legislation, economic issues, institutional issues, and technical aspects of small-scale timber production. The sharing of experiences from Latin America, Africa and Asia made the conference a truly international event.

The conference brought together the emerging themes into a declaration that targets key areas for attention by policy makers, the private sector, practitioners and communities. The challenge now is to take forward the agenda and ideas for further action defined at the Ho Chi Minh City Conference. We look forward to working with our many partners in the region to make this a reality.

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The *International Conference on Managing Forests for Poverty Reduction: Capturing Opportunities in Forest Harvesting and Wood Processing for the Benefit of the Poor*, would not have been possible without the energy and dedication of a core group of people, who jointly conceptualized, developed and organized the conference. These include: Thomas Enters, Patrick Durst and Pernille Lausen Hansen (FAO), Sango Mahanty (RECOFTC), Arthur Ebregt (SNV) Simon Greenaway and Vu Nam (TFT), and Pham Minh Thoa (MARD).

Staff from SNV (Pham Thu Hang), RECOFTC (Wallaya Pinprayoon and Boontida Moungrimuangdee) and FAO (Pernille Lausen Hansen) provided logistical and administrative support to facilitate participants' travel, prepare supporting materials, and coordinate program arrangements.

Viet Nam was an excellent venue for the conference. The support of the Department of Forestry (DoF), Ministry of Agriculture and Rural Development of Viet Nam (MARD) in hosting the event was greatly appreciated, in particular the Director General of DoF, Nguyen Ngoc Binh and his colleagues Pham Minh Thoa, Vo Dinh Tuyen, Do Tien Dzung, Trinh Thi Thanh Ha, Kim Thi Kieu Anh and Bui Tuan Giang of DoF, and the Deputy Director of International Cooperation Department of MARD, Tran Kim Long and his colleagues Pham Trong Hien and Nguyen Thi Luan.

The engagement of our MARD colleagues helped to create a positive atmosphere for discussion and to arrange a good selection of field trips for participants, with the valuable cooperation and support of the Sub-Department of Forestry of Ho Chi Minh City, Can Gio Reserve Zone in Ho Chi Minh City, Tan Mai Paper Company in Dong Nai Province, Nam Trung Joint Stock Company and Long Viet Joint Stock Company in Binh Duong Province. Support for the field trips was also provided by Catherine Mackenzie and Harm Duiker (SNV), and Vu Nam (TFT).

The conference included many stimulating presentations by a wide range of resource persons who generously shared their experiences with the participants. Katherine Warner (IUCN) and Gary Dunning (TFD) did an excellent job in setting the scene for discussion on the days that followed with their keynote addresses. We also thank all of the other presenters: Pascal Cuny (SNV), Patrick C. Dugan (Bagong Pagasa Foundation) and Juan Pulhin (University of Los Banos), Bao Huy (Tay Nguyen University), Steve Gretzinger (WWF), Padam Chand and K.B. Ghimiri (former Nepal-Australia Community Resource Management and Livelihoods Programme), Mark Kelly (URS Forestry), James Bampton (DFID Livelihoods and Forestry Programme), Krishna Acharya (Department of Forest Research and Survey), Hans Beukeboom (Helvetas), Ben Vickers (SNV), Bernhard Mohns (Lao-German Programme on Rural Development), Michelle Pinard (University of Aberdeen), Anda Akivi (PNG Forest Research Institute), Jim Birkemeier (Timbergreen Forestry), Scott Landis (GreenWood), Duncan Macqueen (IIED), Robin Barr (TFT), Christoph Muziol (SPC/GTZ Pacific-German Regional Forestry Project) and John Marsh (Oxfam). Thanks also to Juan Pulhin for facilitating the working group on the Conference Declaration with support from Rowena Soriaga, and Hartmut Holznecht for facilitating the working group to identify follow up actions.

The editorial team for these proceedings included: Robert Oberndorf, Sango Mahanty, Kenneth Burslem and Erica Lee of RECOFTC, and Regan Suzuki and Patrick Durst, FAO.

Last, but certainly not least, the conference would not have been possible without the generous financial support of ITTO and the Netherlands Government (DGIS), for which the organizers express their sincere gratitude.

LIST OF COMMONLY CITED ACRONYMS AND ABBREVIATIONS

<i>AAC</i>	Annual allowable cut
<i>AFR</i>	Annual forest royalties
<i>APFC</i>	Asia-Pacific Forestry Commission
<i>BZ</i>	Buffer-zone
<i>CBFM</i>	Community-Based Forest Management
<i>CF</i>	Community forestry
<i>CFM</i>	Community Forest Management
<i>CFUG</i>	Community Forest User Group
<i>CIAD</i>	Centre Internationale d'Appui an Developpement (Cameroon)
<i>CIFOR</i>	Center for International Forestry Research
<i>CTF</i>	Communal Tree Farming
<i>DARD</i>	Department of Agriculture and Rural Development (Viet Nam)
<i>DENR</i>	Department of Environment and Natural Resources (Philippines)
<i>DFID</i>	Department for International Development (UK)
<i>DGIS</i>	Ministry of Foreign Affairs, Directorate-General for International Cooperation (Netherlands)
<i>DoF</i>	Department of Forests (Viet Nam)
<i>EC</i>	Executive Committee
<i>FAO</i>	Food and Agriculture Organization of the United Nations
<i>FECOFUN</i>	Federation of Community Forest User Groups
<i>FSC</i>	Forest Stewardship Council
<i>GTZ</i>	Deutsche Gesellschaft fur Technische Zusammenarbeit (German Development Agency)
<i>GoN</i>	Government of Nepal
<i>IIED</i>	International Institute of Environment and Development
<i>ITTO</i>	International Tropical Timber Organisation
<i>IUCN</i>	World Conservation Union
<i>MAI</i>	Mean annual increment
<i>MARD</i>	Ministry of Agriculture and Rural Development
<i>MDG</i>	Millennium Development Goals
<i>MFSC</i>	Ministry of Forests and Soil Conservation (Nepal)
<i>MINEF</i>	Ministry of Environment and Forests (Cameroon)
<i>MINFOF</i>	Ministry of the Environment and Forestry (Cameroon)
<i>NACRMLP</i>	Nepal-Australia Community Resource Management and Livelihood Project
<i>NRs</i>	Nepalese Rupees
<i>NTFP</i>	Non-timber forest product
<i>NWFP</i>	Non-wood forest product
<i>PRSP</i>	Poverty Reduction Strategy Paper
<i>RECOFTC</i>	Regional Community Forestry Training Center for Asia and the Pacific
<i>RGoB</i>	Royal Government of Bhutan
<i>SDC</i>	Swiss Agency for Development and Cooperation
<i>SFE</i>	State Forest Enterprise
<i>SFF</i>	Society of Filipino Foresters
<i>SMFE</i>	Small and medium forest enterprise
<i>SNV</i>	Netherlands Development Organisation
<i>TCN</i>	Timber Corporation of Nepal
<i>TFD</i>	The Forests Dialogue
<i>TFT</i>	Tropical Forest Trust
<i>VND</i>	Viet Nam dong
<i>WWF</i>	Worldwide Fund for Nature

CONFERENCE DECLARATION

2006 HO CHI MINH CITY STATEMENT ON MANAGING FORESTS FOR POVERTY REDUCTION 3-6 OCTOBER 2006 HO CHI MINH CITY, VIET NAM

In consideration of the following:

- The Millennium Development Goals aim, among others, to halve poverty by 2015 and promote environmental stability.
- Forests can greatly contribute to poverty reduction while providing environmental services, considering their vast coverage, abundant resources, and the millions of people depending on them for subsistence and survival.
- Demands on forests and trees are increasing, with about 1.6 billion people relying heavily on forest resources for their livelihoods.
- Some 350 million of the world's poorest people are heavily dependent on forests for their survival.
- In most forested areas, the biggest value and income opportunities come from timber harvesting and wood processing.
- Forest resources can generate substantial capital and spur economic growth but forest wealth has generally not been shared equitably, especially with the rural poor and disadvantaged.
- Community management and protection responsibilities already provide services which must be recognized in the form of government compensation or payment for environmental services.
- Policy, institutional, socio-economic, market, and technical barriers exist in many countries, constraining the potential of forest management to reduce poverty.
- Policies, laws and rules are rarely well implemented in a way that reduces poverty, due to the lack of effective and efficient monitoring and control systems.
- Adherence to sustainable forest management principles and practices is fundamental to successful implementation of pro-poor programs and projects.
- Community-based forestry is one of the key strategies in promoting sustainable forest management and in reducing poverty in rural areas.



- Timber is often out of poor people's reach but, where rights and policy framework are favorable, evidence is growing that small and medium forestry enterprises can reduce poverty.
- New trends with respect to markets, technologies and institutions offer ample opportunities for employment and generate income in rural areas.
- There is a pressing need for the different stakeholders, including policy makers/decision-makers, development and donor organizations, development practitioners, the private sector, and local communities, to work collectively to enhance the contribution of forest management and timber harvesting in poverty reduction, thereby contributing to the overall achievement of the Millennium Development Goals.

THEREFORE, WE THE PARTICIPANTS OF THE 2006 INTERNATIONAL CONFERENCE
ON MANAGING FORESTS FOR POVERTY REDUCTION HEREBY CALL FOR:

Policy makers/Decision-makers to

1. Improve access to, and expand opportunities for management of forest resources by the poor, by creating or reviewing policies that will enable local communities and individual households to economically benefit from these resources, taking into account traditional rights, knowledge systems and social values.
2. Simplify forest policies, laws and regulations on forest resource allocation, harvesting, transporting, processing and marketing and benefit sharing and enforce them equitably.
3. Facilitate and promote formation and operation of community-based organizations and ensure their empowerment and capacity building.
4. Institutionalize a comprehensive support system and incentives to promote the development of community-based small and medium scale wood-based enterprises supportive of poverty alleviation.
5. Integrate forest and natural resources into the country's poverty reduction strategic plan.
6. Develop policies on devolution of sustainable forest management practices to include economic partnerships between communities/households and the private sector for achieving poverty reduction objectives.
7. Develop and strengthen partnerships of local communities with civil society organizations.
8. Ensure regular monitoring and evaluation of policy implementation.

Forest-related development organizations and donors to

1. Support and monitor the formulation and implementation of forest policies, programs and projects that will enable poor people to have access, control and benefits over valuable timber resources in addition to other forest resources.
2. Develop and implement initiatives and methodologies that strengthen the rights, capabilities and decision-making power by local communities to sustainably manage forest resources and benefit from the commercial use of these resources.
3. Facilitate effective dialogue and participatory planning and agreement among stakeholders (public sector, private sector, local communities) towards sustainable forest management and poverty reduction.
4. Facilitate design of methodologies and local development processes that will ensure that poor people will benefit most from sustainable forest management utilization and high value forest resources, using a people-centered development approach which promotes inclusion, equity, works in the context of the existing social, institutional framework and builds on indigenous knowledge.
5. Ensure sustainability of development initiatives and benefits to the poor after project completion.
6. Support and develop monitoring and evaluation mechanisms and research that assess socio-economic impacts and document and analyze the contribution of forests in poverty reduction.
7. Improve coordination between development and donor agents, and facilitate linkages between the private sector, the public sector and local communities in order to ensure their access to information and knowledge which promotes a pro-poor focus.
8. Promote pro-poor forest enterprise development which is market driven and pays attention to poor people's capacities and potentials (e.g. quick return silvo-pastoral systems, simple technology).
9. Raise awareness of how to link enterprise/business development with livelihood improvement processes which make sense to and are determined by the poor.



Private sector to

1. Contribute to the development and operation of small and medium forest enterprises that will be of mutual benefit and at the same time support poverty reduction activities.
2. Establish mutually beneficial partnerships (medium to long term) with local communities/ households and associations to harness the social economic potentials of sustainable forest management and utilization.
3. Apply appropriate technology, make investments in forest resource rehabilitation and human resource development, and promote market access for the poor people to benefit from forest harvesting and processing.
4. Improve their social responsibilities towards their own employees.

Local communities to

1. Establish meaningful partnerships with other stakeholders to sustainably manage forest and forest enterprises and maximize benefits from their operations.
2. Institutionalize local mechanisms to ensure more equitable benefit sharing and gender mainstreaming from responsible forest management and utilization.
3. Institute a sense of responsibility, accountability and transparency among local community members to ensure that harvesting privileges and management of group funds will not be misused.
4. Adopt business approaches to the management of their forest resources.
5. Ensure that the voices of women and other disadvantaged groups are represented in the decision making and benefit-sharing.
6. Mobilize their natural and human resources to generate financial and other social capitals.
7. Play a more proactive role in the policy-making processes for forest management such as land allocation, land use rights, forest product trades, etc.

OPENING STATEMENTS



WELCOME SPEECH BY
NGUYEN NGOC BINH
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MINISTRY OF AGRICULTURE AND RURAL
DEVELOPMENT OF VIET NAM



Esteemed Guests, Ladies and Gentlemen,

On behalf of the Ministry of Agriculture and Rural Development of the Socialist Republic of Viet Nam, I would like to welcome all esteemed guests and participants who have converged at this international conference on sustainable forest management for the sake of poverty reduction, an important event held in Ho Chi Minh City, one of the biggest centers that is providing services on processing, marketing and exporting agro-forest products and, thus, contributing to poverty reduction in Viet Nam.

Ladies and gentlemen,

Since the mid-eighties of the last century, Viet Nam started the renewal "Doi Moi". Under this innovative policy, economic transformation has generated vigorous progress in poverty reduction. The renewal has also enabled Viet Nam to integrate into various international initiatives and processes toward sustainable forest management, nature conservation and sustainable development in general. Numerous environment-related legal acts and national environmental programs/plans, such as the Law on Forest Protection and Development 1991 and 2004, the Land Law 1993 and 2003, Environment Law 1994 and 2005, the National Strategy on Comprehensive Growth and Poverty Reduction, the Agenda XXI of Viet Nam, and the National Action Program on Combating Desertification. were launched during 1990-2000. These major efforts to protect the environment in association with poverty reduction have demonstrated Viet Nam's continuous determination to protect land, water and forest as the most valuable natural assets that can contribute to improve peoples' livelihoods, mitigate natural disasters and control land degradation. Further, in 1990-2006, Viet Nam has reconfirmed its commitment to pursue environment protection and poverty reduction by putting its signature to a large number of international conventions and agreements on these crucial issues.

Economic growth, as an important factor, can boost exports. The renewal policy has revitalized private-sector development and fostered economic liberalization. The promotion of a rural credit system has further encouraged the private sector to undertake various initiatives and attracted long-term investments into agriculture and forestry.

According to the statistical data provided by the natural resource and environment sector, at present, the land designated to forestry accounts for 14.7 million ha (the total forestry land is planned to be expanded to 16.2 million ha by 2010), including 12.3 million ha of forested land. The remainder is currently maintained for natural rehabilitation of forest. Vast areas of forestry land are found in the Northern midlands and mountains (36%), and the North-central (21%) and Central Highlands (21%).

In Viet Nam, the number of people who live inside or in the vicinity of forest is estimated at 24-25 million, 3 million of which are customarily shifting cultivators (slash-and-burn cropping). The livelihood of these people is still heavily dependent on forest as they are encroaching on forest land for cropping or collecting non-timber forest products to make a living. Poverty and famine prevailing in extensive forestry-designated areas is, among others, a major cause of deforestation and deterioration of environment. Although several hunger-eradication and poverty-reduction programs have been implemented in the last decades, and famine and poverty has been significantly reduced, the rate of poverty remains rather high, especially amongst ethnic minorities and in remote areas, where the opportunities for income diversification are few and far between. Though economic growth has substantially contributed to poverty reduction, there are still many segments of the population who do not benefit from forestry development programs/policies and farm-based economy. Famine and poverty prevails mainly in mountain and remote rural areas due to the higher natural population growth rate, the lack of infrastructure, as well as the scarcity of employment opportunities. Giving priority to hunger-eradication and poverty-reduction programs along with comprehensive rural development, therefore, proves to be an indispensable policy that has been persistently followed by the Party and the Government of Viet Nam to wipe out poverty, promote sustainable economic growth and, as a result, improve forest management and environmental protection.

Thanks to the great efforts of the enterprises, the forest product processing has achieved very promising results. During the last three years, there is a significant growth in export value, from US\$ 1 million in 2004, to US\$ 1.57 million in 2005, and for this year it is estimated to reach US\$ 2 million. This makes forest owners and local people living in forest areas very happy and contributes to the poverty reduction process.

We are all aware of the tremendous value of forests in terms of the indispensable services they can provide to the entire society and population, including downstream communities. However, the direct benefits that the forest holders expect to earn is far below what they deserve to have.

In the past, our efforts to ensure proper forest management and proper environmental protection relied much on administrative remedies and enforceable countermeasures to eliminate forest devastation, rather than the introduction of efficient and innovative mechanisms to bring about more benefit to the people who are living in or around forest.

Apparently, the income gap between urban and rural people would expand and, consequently, the risk of environmental and natural resource depletion would become more severe if no proper focus of investment is given to agriculture, forestry and integrated rural development. Furthermore, with over 70% of the population living in rural areas, this risk can hamper and threaten the country's sustainable development down the road.

With deep awareness of these social implications of forests, the revised Law on Forest Protection and Development 2004 and the new National Forestry Development Strategy have placed special emphasis on maximizing the benefits that forests can provide to the people involved in forestry, while maintaining optimal forest services for the public. This guiding principle is expected to be achieved through improved investment in forest science and technology to increase the stock and acreage of forest vegetation, the yields of both natural and plantation forests, raise wood and non-wood forest products, speed up forestry land allocation to households and communities in upland areas, intensify agro-forestry practice (for example, the 5 million ha reforestation program and numerous internationally funded reforestation and poverty reduction projects), develop infrastructure in the most remote and poorest upland communes (Program 135) and provide direct assistance to the poorer ethnic minority households (Program 134).

With a package of policy tools, including that of forestry development, we do hope that poverty will be diminished faster and the newly defined goal of the Government on poverty reduction will be achieved.

In brief, in Viet Nam forest management in association with poverty reduction is undertaken under the following socio-economic conditions:

- Viet Nam is a highly populated country with a high population growth rate and acute population pressure on natural resources.
- People's livelihood is amongst the major causes leading to deforestation and degradation of natural resources, extension of marginalized land and, consequently, intensification of natural calamities in many regions of the country.
- Viet Nam is still regarded as a developing country, which was severely affected by warfare. The country is currently facing an under-developed infrastructure, economic stagnation, a high rate of poverty and illiteracy in mountain and remote areas, and limited resources needed for further development.
- The Government of Viet Nam is steadily advocating for diversification of international ties and speeding up international economic integration. This policy requires a positive response and significant support from the donor community, especially in the field of agriculture-forestry and environment protection.

The sustainable forest management program has been approved and piloted in all ecological zones of the country. This program offers a good ground for forest-management and poverty-reduction combined initiatives at the national level and calls for further technical and financial assistance from bilateral and multi-lateral donors to reinforce Viet Nam's efforts in sustainable forest management and, therefore, contribute to regional and global processes toward environmental protection and sustainable development.

On this occasion, I would like to express our sincere gratitude to the bilateral and multilateral organizations and NGOs for their valuable contribution to the promotion of sustainable forest management in Viet Nam. Our thanks also to those who technically and financially sponsored and co-organized this important event.

I wish you all good health and good success with our conference.

Thank you for your attention.

STATEMENT BY EMMANUEL ZE MEKA,
ASSISTANT DIRECTOR, REFORESTATION AND FOREST
MANAGEMENT, INTERNATIONAL TROPICAL TIMBER
ORGANIZATION (ITTO), YOKOHAMA, JAPAN



Mr Nguyen Ngoc Binh, Director General of Department of Forestry,
Ministry of Agriculture and Rural Development of Viet Nam,
Distinguished Guests, Ladies and Gentlemen,

I am most privileged to take the floor at this important conference on Managing Forests for Poverty Reduction. First of all, I would like to extend to you all the warm greetings of Dr Manoel Sobral Filho, Executive Director of ITTO, as well as his best wishes for the success of this Conference. I would also like to express our deep gratitude and appreciation to the Government and the people of Viet Nam for their warm hospitality and the nice facilities made available for this important meeting.

Poverty covers a wide range of considerations and perspectives, from the denial to meeting basic human needs, namely food, clothing, shelter, education and health care to the denial of human rights and opportunities. Despite its limitations, income poverty, which refers to limitations to meet the basic needs, might be appropriate for our discussions during this meeting. It is estimated that about 1.2 billion people, or about 20% of the world population live with less than US\$ 1 per day, which has been defined as the poverty line, although this definition does not reflect the whole significance of poverty, as already mentioned. Poverty reduction/alleviation or eradication has been high on the agenda of the international community for quite sometime now, with a peak in 2002 when the UN Millennium Development Goals were stated and the eradication of extreme poverty and hunger identified as one of the Goals.

The majority of the poor live in the tropics where forest resources are abundant. Discussing this apparent irony of the coexistence of abundant forest resources and rampant poverty is indeed unavoidable. In spite of the recognition of the importance of poverty reduction, the various debates surrounding it, and of some, but very limited, in number and in size, successful examples of forest management contributing to poverty reduction, some of which will be presented and discussed during this conference, the situation has not dramatically changed.

The question might then be raised whether the problem is tackled from an appropriate angle, whether we are on the right track? Poverty is a complex issue which requires many lines of action. However in connection with forest management, some strategic approaches may offer greater opportunities and few can be mentioned here.

Sustainability is the corner stone of addressing poverty reduction, as any unsustainable result will not solve the problem and may exacerbate the situation.

The economic potential of the forest should be maximized by taking into account all forest resources. Forests can offer many goods and services, including timber, NTFP and ecological services. An integrated approach to forest management, taking into consideration all these resources will offer more opportunities and have a greater impact on poverty reduction. The world of today is dominated by the free market approach, marked with an increased displacement of funds, goods and human resources. The key word in this context is competitiveness, which requires innovation, technology and trained personnel. Managing forests for poverty reduction will need to take this context into account in building capacity among local communities in order to allow them to be equipped and play an active role in this new environment. Failing to do so will only restrict them to receive only crumbs of the proceeds of forest management. It is particularly

essential that improved skills be provided in forest management, product development, production of valued added products, marketing and business management.

For example, NTFPs can offer good opportunities for income generation in many countries, but their contribution to poverty reduction is limited because most of them are collected from the wild, their conservation and conditioning for the market is not appropriate and communities involved have limited skills in marketing or in business management. Building local capacity and partnerships in the selection, genetic improvement, and vegetative propagation of NTFPs, introducing appropriate technologies in processing and conditioning, and providing training in business management, including marketing, can greatly enhance the contribution of NTFPs to poverty reduction.

The local, national and international environments are to be supportive in order to allow the opportunities offered by sustainable forest management to be captured for the benefit of the poor. The poor is often the weakest player at the local and national levels: his/her political power is limited or nonexistent and he/she has therefore limited influence on practices, laws, regulations and the different procedures that affect his/her condition; his/her financial capability is also limited as well as access to education and training. Although improved local organizations such as associations and cooperatives can offset some of these shortcomings, it is essential that national and local authorities create a supportive environment through reforms, in particular regarding access to forest and financial resources, as well as to education and training. It is also imperative that local communities be empowered and their organization strengthened, that negative practices such as corruption be eliminated and good governance established.

The international environment has also to be supportive. First and foremost access to markets has to be facilitated. Subsidies practiced by certain countries continue to detract the free market, as well as the introduction of tariff and non-tariff barriers, thus denying access to forest products produced by the poor. The successful marketing of forest products is essential to make effective the contribution of forest management to poverty reduction/alleviation.

Access to appropriate technologies, in the form of technology transfer through cooperation, is also a critical element. International aid agencies can play a critical role in this domain, as well as in strengthening the organization of poor communities. Unprocessed forest resources have limited impact in terms of employment and income generation.

The international community can also contribute to maximize the economic potential of forest and thereby provide increased opportunities to contribute to poverty reduction. This can be achieved, in particular, in facilitating the payment for environmental services through market and non-market mechanisms.

The establishment of these favorable environments, at local, national and international levels, as well as the active involvement of capacitated and strengthened local communities in forest management will certainly offer greater potential for the contribution of forest management to poverty reduction.

Distinguished guests, ladies and gentlemen,

Before I close, I would like, once more, to thank on behalf of ITTO, the Government of Viet Nam for giving us the opportunity to discuss this pressing issue of managing forests for poverty reduction. I also would like to recognize here and value the friendly cooperation that has been established between ITTO, FAO, RECOFTC, SNV and the other partners to assist in the organization of this important conference. I wish you every success in this important conference and sincerely hope that it will make an effective contribution to poverty reduction.

Thank you very much for your kind attention.

STATEMENT BY PATRICK B. DURST, SENIOR FORESTRY OFFICER,
REGIONAL OFFICE FOR ASIA AND THE PACIFIC
FOOD AND AGRICULTURE ORGANIZATION
OF THE UNITED NATIONS



Mr Nguyen Ngoc Binh, Director General of Department of Forestry,
Ministry of Agriculture and Rural Development of Viet Nam,
Mr Chairman, distinguished colleagues, ladies and gentlemen,

It's a great pleasure for me to be here this morning to offer a few remarks on behalf of the international organizers of this important International Conference on Managing Forests for Poverty Reduction. The international organizers include the Food and Agriculture Organization of the United Nations (which I work with), the Asia-Pacific Forestry Commission, the Netherlands Development Organization (SNV), the Regional Community Forestry Training Center, the Tropical Forest Trust, and the World Wide Fund for Nature. In addition, valuable financial support has been provided by the International Tropical Timber Organization and the Netherlands Ministry of Foreign Affairs. I think it should be evident to all of you that this conference represents a truly outstanding example of collaboration and partnership, for which I'm personally very grateful.

The origins of this conference go back to discussions several of us had during an FAO-supported workshop nearly two years ago, involving officials from Laos, Myanmar, and Viet Nam, who are working to improve forest harvesting practices in those three countries. Participants in that workshop, which took place in Vientiane, Laos, decided that it was important and timely to highlight to policy makers, development organizations, and field practitioners that forest harvesting can be far more than just large-scale, capital-intensive operations. We wanted to create a forum for showcasing experiences and exploring opportunities for forest harvesting, timber processing, and marketing of wood products that can meaningfully contribute to reducing poverty.

From that small group's nugget of an idea, we were very pleasantly surprised at the outpouring of support from other organizations for the concept, as well as for this conference in particular.

Ladies and gentlemen,

As you know, for the most of the past 150 years, commercial timber harvesting in Asia (as well as most other parts of the world) has been the domain of governments and private companies—usually big companies, employing gangs of chainsaw-wielding workers, fleets of expensive trucks, and testosterone-charged bulldozers and skidders. When valuable timber was at stake, local people were typically ignored or shut out of the planning and implementing of logging operations. If they were involved at all, it was usually as wage laborers, hired to help harvest the timber wealth, which was quickly hauled or floated away to urban areas—never to be seen again.

In recent years, governments and development organizations have attached great importance to alleviating the plight of the world's poor, as exemplified by the adoption of the Millennium Development Goals. In the forestry sector, this has led to a raft of initiatives and projects, most often focusing on non-timber forest products and payments for environmental services.

But, in most forested areas, the biggest value and income opportunities come from timber harvesting and wood processing. It's not really surprising that foresters and forestry have traditionally focused—many would say excessively—on timber production: that's where the real money from forests lies. So, if we're truly serious about poverty reduction in rural areas, shouldn't we be serious about giving poor people rights and access to valuable timber resources?

Hopefully, you'll have noticed that this conference intends to focus on conscious efforts to manage forests and forest practices explicitly for the benefit of the poor. This implies the need for new ways of looking at forests and forestry compared to the past.

Ladies and gentlemen,

On several occasions recently, I've found myself quoting a well-known remark by the former FAO Director of Forest Products, the late Jack Westoby. But, none of these occasions have been quite as appropriate as at the outset of this conference.

Back in 1967, Jack Westoby addressed conferences in India and Portugal on the purpose of forestry. Summarizing his conversations with innumerable foresters, Westoby noted:

"Had I believed implicitly everything they told me, I would have been driven to the conclusion that forestry is about trees. But this, of course, is quite wrong. Forestry is not about trees, it is about people. And it is about trees only insofar as they serve the needs of people."

Forty years ago, when Westoby made those remarks, he was clearly at the forefront of a revolution in forestry philosophy. This revolution has brought about tremendous advances in forestry—leading the profession toward a broader and holistic systems-based approach—including much more consideration of the needs of people living in and near the forests.

But, we still struggle with putting that "forestry-is-about-people" philosophy into practice—especially when it comes to giving local people direct access to valuable resources. In some cases, foresters and others actively work to protect an outdated status quo; there's fear that people with little formal education or expertise can manage forests sustainably; and, as we all know, there are strong economic incentives for those currently in control to maintain that control. In other cases, even where people have good intentions, a lack of imagination sometimes constrains us from recognizing potential opportunities to alleviate poverty through forestry. In still other instances, existing policies may inadvertently be discriminating against small-scale producers and labor-intensive practices.

Despite all these obstacles, the conventional wisdom that "bigger is always better" in forestry is slowly changing as new technologies (and re-discovered old technologies) for harvesting, transport, and processing are increasingly making small-scale production an economically viable proposition. Combined with these advances in technology, are new trends in marketing and institutional development that offer exciting opportunities for generating income and livelihoods in rural areas.

It's our intention that this conference provides opportunities to showcase "state-of-the-art" knowledge and recent experiences of small-scale forest operations, labor-intensive management practices and job creation through wood processing. We sincerely hope it will open new pathways for integrating forest management with poverty reduction through national forest programmes and other broad-based processes.

Ladies and gentlemen,

The importance of this topic is underscored by the wide range of institutions that have collaborated in organizing this conference. FAO is delighted to join hands with a broad range of national, regional and global organizations in bringing this conference to fruition. I particularly want to acknowledge our local hosts, the Viet Nam Department of Forestry, which has done a fabulous job in organizing the local arrangements.

I also want to highlight the outstanding efforts of the staff of SNV and RECOFTC, who worked very closely with FAO to develop the conference program, identify presenters, and complete the thousands of “behind-the-scenes” tasks required to make the conference a reality.

It’s also been a pleasure to work once again with the International Tropical Timber Organization, the Tropical Forest Trust, WWF, and the Netherlands Ministry of Foreign Affairs in organizing this conference. Their support and inputs have been vital to ensuring the conference’s success.

For all the international participants—especially those of you who have not been to Viet Nam before—I’m sure that by the end of the week you’ll come to understand why Viet Nam is so famous for its hospitality, and also why this country is advancing so rapidly—including in the field of forestry. The innovation, commitment, and dedication of the Vietnamese people provide a source of inspiration and—in many ways—a role model for forestry development in other countries.

I’m personally very much looking forward to the conference discussions. We have an impressive array of presenters and I’m sure that we’ll all find the discussions stimulating and productive.

Thank you very much.



MANAGING FORESTS FOR POVERTY REDUCTION: KEY CONCEPTS AND CONFERENCE OVERVIEW

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Introduction

The Millennium Development Goals agreed by 189 nations at the United Nations Millennium Summit in 2000 call for the eradication of extreme poverty, while simultaneously ensuring environmental sustainability. Since a large proportion of the world's poor remain heavily dependent on forest resources, there is a clear need to explore new prospects for the world's forest-dependent communities. New strategies and approaches are needed to give opportunities for the poor to benefit from forests in ways that complement or substitute for existing livelihood strategies.

In recent years, forest-based poverty reduction strategies have largely focused on enterprises that process and market non-timber forest products (NTFPs). Substantially less emphasis has been given to the more complex and risky, but potentially much more lucrative, aspects of timber harvesting and processing.

In most forests, timber is commercially the most valuable resource. Globally, timber provides raw materials and employment for millions of people. But timber harvesting and processing are seldom considered at the forefront in strategies to alleviate rural poverty. There are several reasons for this. Firstly, modern timber harvesting and processing have evolved to be highly capital-, skill- and technology-intensive operations, effectively precluding those without ready access to capital and technology and those with limited skills. Secondly, the large potential profits to be earned from the timber have led to the sector being dominated by powerful and elite individuals and corporations, characterized in many areas by opaque transactions and shadowy or illegal activities. The poor are also often constrained from the timber sector by policies and regulations that hinder access of the poor to timber resources and their active involvement in managing timber enterprises.

A widespread assumption by policy makers is that allowing the poor to access and use forests will result in forest degradation or destruction (Scherr *et al.* 2004). Consequently, forest-dependent poor have been first in the line of fire for restrictive and punitive government measures on forest use. Given that the use of forest products by rural communities is often a livelihood strategy of "last resort" (Byron 2006), such policies effectively undermine poverty reduction strategies and exacerbate existing conditions of poverty. Not surprisingly, therefore, only limited numbers of poor forest dwellers are currently benefiting substantially from timber harvesting and wood processing. However, examples of sustainable forest management consciously oriented toward achieving poverty reduction objectives are increasingly beginning to emerge.

To help assess experiences and explore new initiatives, the *International Conference on Managing Forests for Poverty Reduction: Capturing Opportunities in Forest Harvesting and Wood Processing for the Benefit of the Poor* was convened 3-6 October 2006, in Ho Chi Minh City, Viet Nam. The conference specifically aimed to draw out recent experiences on pro-poor forest harvesting and processing, and to develop strategies for further enhancing the effective involvement of the poor in these activities.

Key concepts

The poverty reduction objective

Poverty is commonly defined as pronounced deprivation in well being, in terms of material deprivation (in income and consumption), lack of education and health services, vulnerability and exposure to risk, lack of opportunity to be heard, and powerlessness (World Bank 2000).

This definition highlights the multiple dimensions of poverty, the alleviation of which calls for a multi-dimensional approach. Poverty alleviation encompasses two discrete meanings, namely poverty mitigation and poverty reduction. Poverty mitigation implies that people are prevented from becoming poorer whereas poverty reduction describes a situation where people are being lifted out of poverty (Angelsen and Wunder 2003). It is necessary to recognize that these terms articulate different meanings and hence implications for the poor, and that the goals encompassed in the MDGs relate specifically to poverty reduction.

The role of timber in poverty reduction

The contribution of forests to poor people's livelihoods is largely unrecorded in national statistics because the use of forest products for subsistence and local trade is difficult to track and measure. According to FAO (2003) there are three ways in which forests contribute to poverty reduction: i) by providing the forest resources that are important for maintaining well-being (e.g. medicinal plants, food resources, erosion control); ii) through continued access to forest resources and rents (e.g. access rights, income from forest products); and iii) by increasing forest production values (e.g. payment for environmental services, recreational uses).

Timber harvesting, processing and marketing (i.e. the timber value chain) are generally not activities that explicitly target poverty reduction for a range of reasons. Barriers that restrict access to forest resources, such as lack of secure, long-term tenure and gaps in knowledge and technology, make it difficult for the poor to be in the "driving seat" of commercial timber exploitation. More often, the poor provide cheap labor for forest operations managed by the state or large commercial ventures. However, initiatives involving forest-dependent poor are beginning to emerge that can provide important insights into the opportunities and challenges faced by the poor in their attempts to benefit from commercial timber operations.

Commercial forestry offers opportunities to address, in various ways, each of the five aspects of poverty identified by the World Bank. Material deprivation can be addressed directly by increasing income through improved access to timber harvesting and processing activities. This requires increased involvement of forest-dependent poor in the timber-value chain. Increased income at the household or community level can in turn improve access to educational and health services, which enhance economic opportunities and well-being, as well as reducing vulnerability in the face of rapid social change and environmental stresses such as drought or flooding. Additionally, participatory processes that support poor people's involvement in decision-making related to the management and utilization of forests and commercial forestry operations help to foster greater political empowerment and opportunities for marginalized voices to be heard more broadly. However, to date, many of these potential avenues are largely unexplored and more research is needed to understand how and to what extent they might be realized.

While conventional approaches to commercial forestry operations focus on capital- and technology-intensive enterprises, forestry undertaken for, and by, the rural poor presents unique environmental and social benefits.

Conference themes

The *International Conference on Managing Forests for Poverty Reduction* discussed opportunities for, and constraints to, managing forests and processing wood for poverty reduction. Five important aspects of forest harvesting and wood processing were

highlighted in the Conference themes and elaborated by the two keynote speakers (Chapters 2 and 3):

- policies and legislation;
- economic aspects;
- forest management modalities and institutional issues;
- technical aspects; and
- market access.

Policies and legislation

Policies and legislation provide the essential foundation of rules and regulations that guide sound forest harvesting and management practices. The forestry sector in many countries is constrained by weaknesses in the legal framework, including poor enforcement of laws and regulations, for reasons ranging from lack of capacity and resources to outright corruption. Illegal logging undermines opportunities for sustainable, pro-poor forest management by channeling cheap timber into the market that legitimate enterprises (both large and small) are unable to compete with. Policies also sometimes designate preferential subsidies and access rights to large-scale operations, further disadvantaging small-scale forestry operations.

Discriminatory rules and regulations present a fundamental challenge to small-scale commercial forestry. Even though most laws and regulations were not intended to be exclusionary, many were formulated to address large-scale forestry operations and too complex and demanding for small-scale operators. Small-scale forestry operations often involve people with sound forest-related skills, but without the specific expertise needed to negotiate the complex rules and regulations prescribed for harvesting and processing of forest products. Pulhin and Dugan (Chapter 5) describe these constraints in detail, including the need for poor rural communities in the Philippines to hire costly professional foresters to assist in preparing complex forest management plans in order to gain approval to harvest even small volumes of timber under the country's Community-Based Forestry Management Program. Some initiatives are succeeding in breaking through these barriers, however. Cuny *et al.* (Chapter 4), for example, describe how a community forestry approach is contributing to the socio-economic development of a community in Cameroon despite major challenges in implementation.

Given the risks and long timeframes associated with timber production, and the insecurity of access to resources for many rural people, the success rate for small-scale forest-based enterprises is, not surprisingly, low. Sound forest management that shares benefits with the rural poor requires policies and legislation in many countries to be revised to better reflect the realities on the ground. A key area of action emerging from the conference was the need to make policy-development processes more transparent to ensure greater representation of marginalized groups, including the rural poor.

Economic issues

There are substantial revenues to be made from timber, but economies of scale often favor large-scale commercial enterprises. For poverty reduction purposes, it is important to explore the conditions under which small-scale forest enterprises can be truly competitive in forest product markets. For example, products with prospects for growth in demand in local, national or international markets, or niche products with a limited number of producers, may offer the best potential for success for small-scale enterprises (Scherr *et al.* 2004). In all cases, sound analyses and feasibility studies are essential in order to avoid misdirected investment. Kelly and Aryal (Chapter 8) elaborate on the importance of good market

information and feasibility analysis (over the market value chain) in their case study describing the experiences of two sawmills in Nepal that suffered large losses due to an inadequate feasibility assessment before entering the market. The sawn timber they produced exceeded market demand, resulting in far lower financial returns than anticipated.

It is possible, however, for small-scale producers to take advantage of knowledge about local markets and their proximity to local consumers. There are also opportunities for small-scale producers to capture more of the timber value chain through added processing, for example, through on-site wood processing.

At the village level, community forestry user groups have played an important role in collective forest management. Chand and Ghimire (Chapter 7) reveal how community forestry user groups can, with support and mentoring, broaden their mandate to include business management. Their case study describes the experience of a community forest user group in Nepal that has earned more than US\$ 24,000 from their pine plantation to date, with income steadily increasing over the last four years.

Forest management modalities and institutional issues

Local-level rules can play a crucial role in achieving pro-poor development in forestry, as highlighted in the case of Bhutan by Tempfel and Beukeboom (Chapter 11). The impact of policies and regulations at the local level is shaped not only by their implementation and enforcement, but also by the ways in which target groups respond to them (Tyler and Mallee 2006). Hence, outcomes of policy implementation often rest squarely on local conditions and are subject to influence from a range of actors, including local government, communities, NGOs, private enterprises and individuals, who all interpret and implement rules and regulations according to their specific context and interests.

Poor people often face barriers to full participation in decision-making processes, such as community meetings, if they are not specifically targeted and supported. Moreover, benefits that accrue from community activities are often unequally shared, based on factors such as gender, age, social status or ethnicity (Mahanty *et al.* 2006). The paper by Acharya (Chapter 10) highlights the fact that approaches that target and prioritize marginalized groups through appropriate institutional arrangements, such as through preferential membership or access to shares in enterprises, have shown some success in addressing this constraint.

Vickers and Mackenzie (Chapter 12) address the issue of pro-poor benefit sharing and participation in describing a case from Viet Nam. They elaborate how the decisions surrounding institutional arrangements for a community forest timber harvesting scheme are dominated by rich men in the village who also capture most of the benefits. In other cases, institutional mechanisms to protect the interests of the poor have been more successful and there is greater focus on equitable sharing of benefits (see for example Bampton and Cammaert (Chapter 9) and Bao Huy (Chapter 6). Some of the best results for delivering benefits to the poor seem to be through affirmative action that gives preferential support to disadvantaged groups and other similar pro-poor policy mechanisms.

Technical aspects

Large-scale commercial forest enterprises have advantages in accessing financial and technical resources and the ability to establish economies of scale. In contrast, small-scale enterprises often have advantages related to low-cost labor inputs and the potential to react quickly to changing market conditions. However, the influx of harvesting technologies without capacity building, good planning and compliance with sustainable practices can equally threaten the sustainability of both forests and local enterprises. In the case of chainsaw milling in Ghana,

Pinard *et al.* (Chapter 14) find that the poor are easily able to procure chainsaws in spite of a ban on chainsaw milling. Since the benefits from authorized large-scale logging do not accrue to the poor, there is widespread support among poor households for chainsaw milling despite its illegality and high levels of waste. Supplementing the introduction of improved technologies, with improved planning and better compliance with sustainable practices, could increase benefits to the poor, while enhancing the sustainability of operations, a point also supported in the PNG case by Akivi (Chapter 15).

In addition to appropriate equipment for logging and milling, physical access to markets also plays a vital role in delivering benefits to small-scale forestry. Poor people living in remote areas are often impeded in gaining access to markets because the modes of transportation are few and infrastructure is poor. Mohns (Chapter 13) explores methods of transporting bamboo in Laos where access to markets from remote forest areas is constrained by lack of roads or skid trails. Horse skidding and bamboo rafting on rivers both offer good prospects for expanding markets. Such approaches illustrate how traditional technologies can be effectively adapted to address modern challenges.

Appropriate and sustainable technologies and affordable equipment do exist, but they need to be applied in appropriate ways that fit the scale and capacities of small-scale producers. Where production technologies are locally adapted and properly applied, adoption risks are minimized, and maintenance costs are reduced.

Accessing markets

Marsh and Smith (Chapter 20) highlight how good market knowledge and access can help to identify emerging opportunities for small scale producers. This is, however, a key challenge for small-scale enterprises that typically lack the experience and ability in gathering information about market conditions. Despite these obstacles, several successful experiences of small-scale enterprises can be found. Demonstrating that such challenges and solutions are not unique to developing countries, Birkemeier (Chapter 16) highlights how a small-scale, family forestry enterprise in a rural community in the United States achieved success by developing a strong business focus and by controlling the entire value chain from small-scale harvesting all the way to installing custom flooring and cabinets in the homes of the end consumers.

Landis (Chapter 17) complements this vision, by describing the success of a training program for artisans, introducing “old-world” technology in Honduras. From the outset there was a focus on local demand and low-cost technologies. These pragmatic approaches have helped to effectively involve local artisans. Moreover, a thorough assessment of market opportunities before establishing the business was a crucial element of success.

The formation of associations can also help leverage advantages of scale, pool market information and improve bargaining power and operational conditions. By pooling resources and product outputs, such associations are better able to compete with large-scale commercial operations for market access and share. The combined strength of such associations can also help overcome bureaucratic constraints, reduce transaction costs of legal compliance, and enhance the ability to collect market information. Macqueen (Chapter 18) highlights how associations can challenge the power of middlemen and obtain better returns for their products. In a case from Indonesia, Barr (Chapter 19) further illustrates how the formation of a community cooperative helped to reduce the transaction costs in timber certification, and obtain Forest Stewardship Council group certification less than two years after its establishment.

Conference outcomes

It is evident that small-scale, forest-based enterprises can be important players in sustainable forest management, while simultaneously increasing benefits to a wide range of beneficiaries. The conference presentations and discussions underscored that forests can contribute to poverty reduction if:

- forest resources are sustained;
- resources and rents are made accessible and distributed equitably; and
- forest production values can be increased.

Related to the first condition, it is evident that illegal logging and unsustainable management practices are responsible for the loss of forest resources and the deflation of timber prices in many areas. If sound forest management principles are applied and harvesting volumes do not exceed allowable cuts, then forest resources can be sustainably managed. Long-term perspectives and planning on the part of forest enterprises play important roles in sustainable harvesting and maintenance of a healthy forest resource base.

The second condition requires the development of policies and regulations that guarantee and simplify access to forest resources by the rural poor and support their effective involvement in wood-processing enterprises. Instead of making forest resources available only to large, well-connected enterprises, the rural poor should be granted ready access to forests through clearly defined, well-supported and fully protected rights together with the responsibility to plan and effectively manage these forests. With a stronger focus on pro-poor forest policies, both poverty reduction and sustainable forestry are made more likely.

The third condition calls for changes in how we value the products provided by forests. Greater emphasis needs to be placed on value-adding processes that maximize the benefits from timber that is derived from forests. With support in making market linkages, small-scale producers have been successful in efficiently processing wood into higher value products and targeting high-value markets. The rural poor will also likely realize increased benefits when there is greater appreciation and recognition of the full range of benefits from forests, including non-timber forest products, biodiversity, clear water, carbon sequestration, ecotourism and other values.

The potential for local forest management to contribute toward poverty reduction objectives warrants further exploration. Small-scale logging techniques, using appropriate labor-intensive technologies, can result in far less environmental impacts than those of large-scale forest operations. One area that would benefit from further exploration is that of opportunities for small-scale forest enterprises to develop partnerships with large-scale commercial entities, capitalizing on the comparative advantages of both. Small-scale producers often have access to labor and (in some cases) control of the land and resources, whereas larger enterprises usually have greater access to capital, skills, technologies and markets (Angelsen and Wunder 2003). There would appear to be considerable scope for melding the strengths of these two groups.

The *International Conference on Managing Forests for Poverty Reduction* concluded that it is timely to build constructive linkages among the various stakeholders involved in forestry and poverty reduction. Mutually beneficial partnerships among local communities, policy makers, the private sector, development organizations and donors are essential to accelerate progress in managing forests for poverty reduction and enhancement of environmental sustainability. The conference declaration (page x), adopted by all participants, emphasizes these opportunities.

The chapters that follow discuss in detail the opportunities and constraints related to forest harvesting and wood processing purposefully oriented to benefit the poor. Individual papers provide valuable insights into numerous pioneering initiatives from around the world. Collectively, they underscore the daunting challenges of these approaches. At the same time, however, they provide cause for optimism. Experience indicates that if constraints and challenges are addressed effectively, there is good potential for managing forests and forest enterprises in ways that positively contribute toward poverty reduction objectives, while simultaneously safeguarding the environment, empowering the poor, building capacity, and fostering entrepreneurship.

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